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COMMISSION ON TRANSNATIONAL CORPORATIONS
Seventeenth session
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Agenda items 3, 4, 5, 6, 10, 11 and 12

RECENT DEVELOPMENTS RELATED TO TRANSNATIONAL CORPORATIONS AND INTERNATIONAL ECONOMIC RELATIONS

TRANSNATIONAL CORPORATIONS AND ISSUES RELATING TO THE ENVIRONMENT, INCLUDING THE CONTRIBUTION OF THE COMMISSION AND THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS TO THE WORK OF THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

ROLE OF TRANSNATIONAL CORPORATIONS IN SERVICES, INCLUDING TRANSNATIONAL BANKS

ONGOING AND FUTURE RESEARCH

STRENGTHENING THE NEGOTIATING CAPACITY OF DEVELOPING COUNTRIES IN THEIR DEALINGS WITH TRANSNATIONAL CORPORATIONS

COMPREHENSIVE INFORMATION SYSTEMS

ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

Draft resolution submitted by the Vice-Chairman of the Commission, Mr. José Lino B. Guerrero (Philippines), on the basis of informal consultations held on draft resolution E/C.10/1991/L.6/Rev.1

The Commission on Transnational Corporations recommends to the Economic and Social Council the adoption of the following draft resolution:

Recommendations of the Commission on Transnational Corporations at its seventeenth session and its contribution to the preparatory process of the United Nations Conference on Environment and Development

The Economic and Social Council

A

1. Takes note of the reports of the Secretary-General on recent developments related to transnational corporations and international economic relations, 1/ the role of transnational corporations in services, including transnational banks, 2/ ongoing and future research, 3/ strengthening the negotiating capacity of developing countries in their dealings with transnational corporations, 4/ the comprehensive information system, 5/ and the activities of the United Nations Centre on Transnational Corporations; 6/

2. Requests the Secretary-General to prepare for the eighteenth session of the Commission on Transnational Corporations, drawing upon the ongoing work of the Centre, a consolidated report analysing the latest trends in foreign direct investments in the world economy, in particular, their impact on developing countries, which would include, inter alia:

(a) Ways of enhancing the benefit to developing countries of foreign direct investments;

(b) Assessment of the role of transnational corporations in regional and subregional integration processes among developing countries;

(c) The contribution of transnational corporations in complementing domestic investment in developing countries, particularly in the least developed countries, with a view to the eradication of poverty, employment generation, human resources development, infrastructure building and, in general, the enhanced quality of life of peoples, taking account of the importance of national policies;

1/ E/C.10/1991/2.

2/ E/C.10/1991/4, E/C.10/1991/5 and E/C.10/1991/6.

3/ E/C.10/1991/7.

4/ E/C.10/1991/13.

5/ E/C.10/1991/14.

6/ E/C.10/1991/15.

(d) The recent trends in transnational corporation activities in relation to international trade, transfer of technology to developing countries, financial flows and external debt;

(e) The role that incentives and removal of disincentives in home and host countries can play in encouraging investment by transnational corporations, particularly in developing countries;

(f) The role of transnational corporations in services, especially through foreign direct investment;

(g) The significance of recent trends in the activities of transnational corporations in Central and Eastern Europe in relation to the general trends of their activities, in particular in developing countries;

3. Also requests the Secretary-General to update and complete the work undertaken by the Centre related to the external indebtedness of developing countries, taking into account the relevant resolutions of the General Assembly, and to submit a report thereon to the Commission at its nineteenth session;

4. Requests the Centre to include in its technical cooperation activities consideration of, advice on and promotion, as appropriate, of interregional, intraregional and subregional economic integration, including the possibilities and potentialities of strengthening cooperation among developing countries through the transfer of technology developed by national corporations from those countries;

5. Stresses the importance of ensuring that the technical cooperation activities of the Centre will benefit developing countries on an equal basis and requests the Centre to continue its efforts to develop its programme of support for cooperative activities of small- and medium-sized enterprises in developing countries, as well as training programmes and advisory projects directed towards enhancing the capacities of developing countries to enhance and promote their interests and properly benefit from the activities of transnational corporations and joint venture schemes, and requests an evaluation report on this subject to be submitted to the Commission at its eighteenth session;

6. Requests the Secretary-General, taking into account the provisions contained in General Assembly resolution 44/228 of 22 December 1989 on the role of large industrial enterprises, including transnational corporations, in protecting and enhancing the environment, to examine, in consultation with the international business community in the context of various modalities for mobilizing resources for this purpose, the feasibility of establishing mechanisms for financial or in-kind contributions;

7. Recognizes the need for the Centre to diversify sources of funding for research and technical cooperation activities and, to this end, invites donors to contribute to the Centre's trust fund for technical cooperation, and requests the Secretary-General to seek to mobilize resources from various

sources, including non-governmental organizations, and to report to the Commission at its eighteenth session;

B

8. Takes note of the reports of the Secretary-General on transnational corporations and issues relating to the environment 7/ and requests the Secretary-General to transmit those reports to the Secretary-General of the United Nations Conference on Environment and Development together with the views expressed by members of the Commission at its seventeenth session with a view to making both reports available for consideration by the Preparatory Committee of the Conference at its third session;

9. Reaffirms that the following issues, inter alia, should be addressed, consistent with General Assembly resolution 44/228, in order to encourage and mobilize industrial enterprises, including transnational corporations, to cooperate in efforts to protect and enhance the environment in all countries:

(a) Their commitment to environmental protection in all countries;

(b) The positive role that they can play in the protection of the environment, inter alia, through the promotion of improved management and regulation of industrial processes and investment in and generation and dissemination of environmentally benign technologies and processes;

(c) Their observance of government-agreed international environmental standards and industry-agreed guidelines;

(d) The positive role played by increased research and development activities in the area of environmentally sound technologies;

(e) Access to environmentally sound technologies and to information thereon and cooperation between transnational corporations and host country firms, in particular those in developing countries, in the use of environmentally sound technologies;

(f) Application of corporate world-wide environment and development policies, including ways of encouraging industry to apply standards of environmental responsibility to their foreign operations that are comparably high to those used in their home countries, consistent with the laws and regulations of host countries;

(g) Consistent and high environmental, health and safety standards for products, processes and services, as a contribution towards reaching equivalent levels of safety for all workers, communities and consumers;

(h) Environment and development accounting and reporting;

7/ E/C.10/1991/3 and Add.1.

(i) Consideration of responsibilities and of such principles as the "polluter pays", preventive action at the source, precautionary approach to environment and development issues, and to minimizing the risks to human life, health, property and the environment, as well as restoration of damage;

(j) The incorporation of environmental concerns into their activities which should be consistent with the economic policies and development needs of developing countries and should not create new barriers to access to and transfer of technology;

(k) Cooperation with industry in producing guidelines aimed at the development of environmental management policies and programmes, as well as the further development of criteria for environmental management;

(l) The role of Governments and of international cooperation in providing an appropriate framework for contributions by transnational corporations to sustainable development;

10. Requests the Executive Director of the United Nations Centre on Transnational Corporations, after extensive consultations with international business organizations and other relevant bodies, to prepare recommendations, within its mandate, on cooperation for protection and enhancement of the environment in all countries, taking into account the work undertaken by the Centre and elsewhere, taking into account also the views expressed by Governments during the seventeenth session of the Commission on Transnational Corporations and, further, the views expressed by the Preparatory Committee of the United Nations Conference on Environment and Development at its third session, in order that they may be considered by the Commission on Transnational Corporations as well as by the Preparatory Committee;

11. Decides to consider at its second regular session of 1991 ways in which the recommendations may best be brought to the attention of the Preparatory Committee in good time for its fourth session, taking into account any proposals of the Secretary-General;

12. Also requests that the findings of the Executive Director of the Centre in the research project, "Transfer of environmentally sound technologies to developing countries on favourable terms", and the prototype financial statements that would enable corporations to report their income and profits on a sustainable basis, be transmitted to the Secretary-General of the United Nations Conference on Environment and Development for consideration by the Preparatory Committee of the United Nations Conference on Environment and Development at its third session;

13. Requests the President of the Economic and Social Council to transmit part B of the present resolution to the Chairman of the Preparatory Committee of the United Nations Conference on Environment and Development as the substantive contribution of the Commission to the work of the Preparatory Committee of the United Nations Conference on Environment and Development at its third session.